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CHINA

REGIONAL AFFAIRS

EAST REGION

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OUTLOOK ON U.S.-USSR MISSILE TALKS VIEWED

RENMIN RIBAO 'Roundup'

HK300341 Beijing RENMIN RIBAO in Chinese 28 Jul 87 p 6

["Roundup" by RENMIN RIBAO reporter Zhang Yunwen (1728 0336 2429): "Focal Point of the U.S.-Soviet Talks on Intermediate-Range Missiles"]

[Text] Washington, 25 Jul -- After Soviet leader Mikhail Gorbachev announced that the Soviet Union was ready to waive its demand to retain 100 intermediate-range missiles in its Asian region, on 22 July the Soviet delegation formally tabled this proposal at a special meeting of the Geneva arms control talks. At a press conference in Moscow that day, Soviet First Deputy Foreign Minister Vorontsov declared that the possibility of holding a summit and signing an agreement on intermediate-range missiles had appeared.

Soviet acceptance of the "global double-zero" option surprised the West to a certain extent. The media maintained that this tremendous change removed "the greatest stumbling block" on the road to an intermediate-range missile agreement and injected a "new impetus" into the talks on intermediate-range missiles. THE WASHINGTON POST editorialized that the first arms control agreement of Ronald Reagan's term of office may have appeared on the horizon.

After the Soviet Union renounced its insistence on linking the intermediate-range missile talks with space weapons in February last year, and the U.S.-Soviet disarmament talks resumed, the two parties put forth their own draft agreements. However, sharp differences between their draft documents remained and, thus, the negotiations were at a standstill.

The differences were manifested in the following areas:

-- The United States wished to eliminate intermediate- and shorter-range missiles worldwide, the so-called "global double-zero" option, but the Soviet Union demanded that each side retain 100 intermediate-range missile warheads on its own territory. The Soviet Union would deploy the 100 warheads in its Asian region as a counter to the nuclear forces deployed by the United States in the Asia-Pacific region. However, the aforementioned 100 warheads gave rise to a series of thorny problems, such as that the United States proposed that its warheads be deployed in Alaska, near the Soviet Union, but the latter firmly turned down this proposal.

-- The Soviet Union demanded that the 72 450-mile-range Pershing-1As, which are classified as shorter-range missiles, now deployed in West Germany, be included in the "double-zero" package, arguing that although the missiles were owned by West Germany, their warheads were under U.S. control and, therefore, they should be eliminated. The United States flatly rejected this demand.

-- On the timing of eliminating the missiles, the United States called on the Soviet Union to act first, and the United States would follow suit after the number of Soviet intermediate-range missiles was equal to that of those of the U.S. The Soviet Union wanted both sides to begin the destruction of missiles simultaneously.

-- The United States demanded the conversion of the Pershing-2 intermediate-range missiles into shorter-range Pershing-1B missiles to replace West Germany's obsolete Pershing-1As. The Soviet Union resolutely rejected this proposal.

-- The United States planned to redeploy the dismantled land-based cruise missiles to its submarines along the coast of Europe, and this also met with vigorous Soviet opposition.

Recently, since neither side was ready to yield on numerous differences, both sides accused the other of putting up barriers. Now, with Soviet acceptance of the "global double-zero" option, a new situation has emerged regarding the talks on intermediate-range missiles. The global elimination of intermediate-range missiles will greatly simplify the verification problem and enable both sides to cease squabbling endlessly over the question of deployment sites.

This Soviet move has been well received by the United States and its allies. As the news spread, George Shultz and Frank Carlucci immediately studied the development of the situation with President Reagan, who welcomed the Soviet change. A White House spokesman stated that he "felt encouraged" about the possibility of reaching an arms control agreement and holding a summit. West German Chancellor Helmut Kohl regarded the development of events as "a major breakthrough."

However, as the United States and the Soviet Union reach a consensus on the "global double-zero" option, the question of the 72 Pershing-1As in West Germany appears to be more pronounced and has become the focus for future negotiations. The media believe that a breakthrough on this question is the key to the conclusion of an agreement on intermediate-range missiles between the United States and the Soviet Union.

Disarmament experts say there is still room for compromise on this question. The Pershing-1As were deployed in West Germany in the 1970's, and 15 years have passed since then. They are to be taken out of commission in 1990. The West German Government has not yet decided if they will be replaced with new missiles, and the United States is still undecided on the matter. The path to compromise may be that West Germany agrees not to replace the missiles and then 5 years later, when the "double-zero" option materializes, the missiles will have reached their scheduled decommissioning.

The Soviet acceptance of the "global double-zero" option serves, no doubt, as "sending charcoal in snowy weather" to the Reagan administration, hard-pressed by the "Irangate" affair. Analysts say it is just because of this that the Soviet Union made such a move. At the same time, apparently the Soviet Union also noticed that President Reagan had weathered the difficult situation of the Congressional "Irangate" hearings and still enjoyed prestige among the public. If such an agreement is not concluded during his term of office, the future development of events is hard to predict. Now, out of their own considerations, the United States and the Soviet Union have considerably improved the prospects for the conclusion of an agreement on nuclear weapons. Nevertheless, it is believed that on the question of the 72 missiles in West Germany, neither the United States nor the Soviet Union is ready to make any immediate concessions, and therefore bargaining over the issue in the months ahead will still be sharp.

Obstacles to Accord

OW292202 Beijing XINHUA in English 1829 GMT 29 Jul 87

[Text] Washington, July 29 (XINHUA) -- Soviet removal of its 100 medium-range warheads from Soviet Asia is dependent upon Washington eliminating the Pershing 1A missiles it controls in Federal Germany, a senior Soviet Foreign Ministry official said today.

Soviet Deputy Foreign Minister Aleksander Bessmertnykh warned that if the United States does not agree to destroy its nuclear warheads on West Germany's shorter-range Pershing 1A missiles, the Soviet Union would be prepared to go back from the "global double zero" to a "single zero" option in Europe.

In such a case, the Soviet Union would only eliminate its medium-range missiles -- the shorter-range missiles would remain -- and would continue to insist on retaining 100 medium-range warheads in its Asian region, Bessmertnykh said.

The Soviet deputy foreign minister made the warning in Moscow during an interview with WASHINGTON POST correspondents, published by the paper today.

He said a pledge by the United States not to convert the existing medium-range Euromissiles into other types of weapons "cannot resolve" the issue of the West German missiles.

"It is such a half-hearted measure that it would not be satisfactory," he said.

The Soviet deputy minister was referring to a statement by U.S. President Ronald Reagan yesterday that, to match Soviet acceptance of the "global double zero" formula, the United States would commit itself not to convert its medium-range Pershing II missiles into shorter-range Pershing 1Bs or its ground-launched cruise missiles into sea-launched weapons.

Previously, U.S. officials suggested that the United States would reserve the right to do so even after an agreement on eliminating all U.S. and Soviet intermediate-range missiles had been reached.

In Geneva today, deputy head of Soviet negotiating delegation Aleksey Obukhov described Reagan's proposal, made yesterday, as "not constructive".

"We didn't find any compromises in what we were told yesterday," he said, referring to Reagan's no-conversion promise.

The issue of West Germany's 72 Pershing 1A missiles is one of the major stumbling blocks which remain to be solved in the way of a superpower intermediate nuclear forces (INF) agreement.

The Soviets maintain that since the Pershing 1A missiles, which have a range of 736 kilometers, fall into the category of shorter-range weapons to be withdrawn under the agreement the U.S.-controlled warheads on them should naturally be destroyed.

But the United States contend that the warheads are provided for West German missiles under a long-established cooperation program and are not covered in bilateral U.S.-Soviet negotiations.

Those weapons "are not, and have never been, and will not be a part" of the superpower bargainings, White House spokesman Marlin Fitzwater said yesterday.

THE WASHINGTON POST noted that the unrelenting line taken by both sides on this issue, coupled with other unsolved difference, suggested that an INF agreement "may yet be blocked, despite the evident political desire of President Reagan and Gorbachev to achieve it".

U.S. 'Disappointment'

OW300120 Beijing XINHUA in English 2339 GMT 29 Jul 87

[Text] Washington, July 29 (XINHUA) -- The United States today expressed disappointment over the recent Soviet proposal to link the strategic arms to the U.S. Strategic defense initiative, or "Star Wars" program.

State Department spokesman Charles Redman said the Soviet proposal submitted in Geneva today in a draft treaty "appears to reflect positions they have held throughout the course of the negotiations," though it "does provide some more details regarding the Soviet position."

The recent Soviet proposal calls for strict adherence to the 1972 ABM (Anti-Ballistic Missile) treaty and links reductions in strategic arms to the U.S. limitations on "Star Wars" anti-missile defense program.

Redman said "the Soviets still apparently seek to impose additional constraints on SDI, far beyond those contained in the ABM Treaty."

He urged the Soviet Union to accept significant reductions in long-range strategic nuclear arsenals "without additional conditions."

However, deputy head of the Soviet negotiators Aleksey Obukhov said "there is an objective tie between the issue of space weapons and strategic weapons, and it is simply not possible to de-link them."

The Soviet Union had previously linked the talks on intermediate-range nuclear forces with the issue of space weapons, but later dropped it in an attempt to break the deadlock in the INF negotiations.

The Reagan administration will proceed with developing the Strategic Defense Initiative, or the "Star Wars" program, Redman reiterated.

JINGJI CANKAO VIEWS SOVIET ECONOMIC REFORM

HK280630 Beijing JINGJI CANKAO in Chinese 9 Jul 87 p 3

[Article by reporter Ju Mengjun (0215 1322 6511): "Soviet Union Works Out Overall Plan for Economic Reform"]

[Text] The CPSU Central Committee held a plenary session on 25 and 26 June. The "Basic Regulations on a Radical Reform of the Economic Administration" were discussed and adopted during the session. After that, the "USSR Law Governing State-Owned Enterprises," which was revised based on discussion among the people throughout the country, was officially approved at a meeting of the USSR Supreme Soviet held on 29 and 30 June. These two documents were drafted after experience and lessons had been drawn from the economic reform in recent years. Hence, an overall plan for economic reform was basically finalized.

In the past 2-odd years since Gorbachev assumed the post of general secretary of the CPSU Central Committee, the Soviet Union has made some advances in its economic reform, but these are "partial rather than radical changes." Reports from this latest CPSU plenary session have revealed that the economic reform has encountered various obstacles and difficulties; conservatism, inertia, selfishness, and bureaucracy have seriously affected the reform; the economic administrative structure is inefficient; the pricing system is irrational; and so on.

The kernel of the Soviet Union's overall plan for economic reform is to expand the decisionmaking power of enterprises, to overcome the shortcomings of the current overcentralized administrative structure, to make better use of the commodity and currency relations and the market mechanism, and to expedite the economic reform by promoting enterprise reform. The overall plan for economic reform contains the following principal measures:

Expand Enterprises' Decisionmaking Power in Earnest [subhead]

The newly-approved "USSR Law Governing State-Owned Enterprises" has provided a reliable guarantee for expanding enterprises' decisionmaking power. During the past 2 years, the Soviet Union, in granting enterprises greater decisionmaking power, has emphasized enterprises' power to handle their profits. The new plan provides that enterprises' power over drawing up their production plans shall be expanded. Gorbachev holds that it is definitely necessary for enterprises to work out their production and marketing plans on their own in accordance with society's actual needs. According to the new regulations, from now on, enterprises will determine their 5-year and annual development plans and will no longer have to submit them to a superior department for approval. Enterprises have the right to pay all their everyday operational expenses including staff wages and are entitled to make investments in expansion of production, transformation of equipment, and social development.

The latest CPSU Central Committee plenary session has also given the green light to enterprises in promoting lateral economic ties. Gorbachev has maintained that enterprises should be given the right to form joint ventures and integrated corporations on a joint stock basis.

Reforming the Central Economic Administrative Structure [subhead]

For many years, the Soviet Union's central economic administrative structure has shown many shortcomings. For example, this structure has maintained too many departments and committees, its power has been overexpanded, everything is placed under centralized

leadership, and every level is required to submit plans to its immediately superior level. The latest plenary session of the CPSU Central Committee demanded that the central economic leading department be the central body to decide on the issues concerning the strategy, quality, as well as the development speed, ratio, and balance of the whole national economy.

According to the principle of reform, central departments and commissions will be further reduced or merged; the existing 37,000 plants covered by the state plan will be merged into several thousand large integrated corporations which are to be granted the power to complete the whole process of "scientific research, investment, production, marketing, and service." The CPSU has decided that new regulations on the reform of the central economic leading organization and various departments and commissions will be adopted by the end of this year.

Reform the Pricing System [subhead]

The Soviet Union's existing pricing system has many irrational features. For example, as the prices of energy and food and other service charges are unreasonably low, the state must pay subsidies totaling 73 billion roubles every year.

According to the reform plan, the Soviet Union will raise the prices of raw materials and fuel step by step to save energy, reduce consumption, and check waste. The unreasonable situation in which the retail prices of foodstuffs in state-run shops are much lower than the procurement prices of agricultural products will be changed, so that the huge subsidies paid by the state will be reduced.

Run the Wholesale Trade of Production Means [subhead]

Reform in this aspect is mainly aimed at changing the old practice of unified allocation of materials and the system of fixed suppliers for consumers.

The CPSU Central Committee believes that the wholesale trade of production means can increase consumers' influence on producers, help maintain a balance between supply and demand, and prevent enterprises from keeping an overstock of production means beyond the set quota.

"Resources Charges" Will Become Enterprises' Staple Payment [subhead]

In the past, enterprises mainly paid money to the state treasury based on their profits, while the amount of "resources charges" paid by them was limited. From now on, enterprises will pay the state treasury the production funds (say, payment for equipment) and charges for the use of labor and natural resources (such as land, water, and mineral resources), to encourage enterprises to economize human and material resources. After paying resources charges and interest on loans, enterprises will pay taxes to the state on their remaining income.

Encourage Competition Between Enterprises [subhead]

Gorbachev holds that the principle of competition is one of the keys to the vitalization of socialism. According to the set principle, competition between enterprises, including competition between state-owned and cooperative enterprises, will be promoted in the future. In the meantime, the principle of competition will also be widely applied to the area of science and technology.

Fully Develop the Cooperative System and Various Forms of Individual Economy [subhead]

When talking about the agricultural issue at the Central Committee plenary session, Gorbachev cited many examples to prove that such forms as household side-line production, contracting on a household basis, long-term leasing of land to fixed users, and small groups contracting for use of production means can help to substantially increase output without destroying the collective farm system.

He explained to other members of the CPSU Central Committee: The experiences of both the Soviet Union and other socialist countries have shown that it is constructive and necessary to make better use of all these economic forms within the scope of socialism.

Although the Soviet Union has finalized its overall plan for economic reform, many specific difficulties and problems have yet to be resolved before the old structure can be entirely changed and a new economic structure set up.

IZVESTIYA CRITICIZES TATAR DEMONSTRATORS IN MOSCOW

OW300122 Beijing XINHUA in English GMT 29 Jul 87

[Text] Moscow, July 29 (XINHUA) -- The Soviet Government daily IZVESTIYA today criticized extremists in the group of Crimean Tatars who came to Moscow to demand the return of their homeland, for refusing to cooperate with the authorities in solving the Tatar problem.

According to IZVESTIYA, a group of people mostly from Krasnodar territory, Russian Federation, are staging demonstrations, holding press conferences for foreign journalists, and sending petitions to state and party bodies.

Commenting on letters and telegrams from Soviet Central Asia, Crimea, Krasnodar and other areas where Crimean Tatars live and work, the paper said the majority of Crimean Tatars welcome an initiative by the government to set up a commission under Soviet President Andrey Gromyko to examine their problems.

The group of Crimean Tatars in Moscow held demonstrations on Red Square last weekend to press for the right to return to their homeland and re-establish their Crimean Tatar Autonomous Republic.

A Crimean Tatar Autonomous Republic existed before World War Two. Under a decree issued May 11, 1944, by the Soviet State Committee of Defense, Crimean Tatars, who then made up 19.4 percent of the Crimean population, were removed to Soviet Central Asia because some of them were suspected of collaborating with the occupying Nazis.

In September 1967, the Presidium of the Supreme Soviet cancelled charges against all Tatar citizens living in Crimea and restored their constitutional rights.

A commission headed by Soviet President Andrey Gromyko has been set up recently to study the demands of the Tatars.

CHERNOBYL DIRECTORS SENTENCED TO LABOR CAMPS

OW292127 Beijing XINHUA in English 1732 GMT 29 Jul 87

[Text] Moscow, July 29 (XINHUA) -- The former director, chief engineer and deputy engineer of the Soviet Chernobyl nuclear power plant have been sentenced to 10 years in labor camps for negligence leading to last year's disaster, TASS reported today. The official Soviet news agency said the trial began July 6 in the town of Chernobyl in the Soviet Republic of Ukraine, where the world's worst nuclear disaster took place last April.

Former Director Viktor Bryukhanov, Chief Engineer Nikolay Fomin, and Deputy Chief Engineer Anatoliy Dyatlov were found guilty of gross violation of safety regulations which led to an explosion killing 31 people. All three were charged with grave negligence and for failing to assess the seriousness of the accident and promptly organize rescue work. TASS said three other officials received labor camp sentences of five, three and two years. The sentences were passed by the Supreme Court of the Soviet Union today, TASS said.

The Chernobyl accident, which occurred April 26, 1986, killed at least 31 people and sent 237 others to hospital with radiation sickness. The explosion contaminated the surrounding areas and sent a radioactive cloud over a large part of Europe. In the wake of the accident, the Soviet Government evacuated 135,000 people and set up a 30-kilometer security zone around the nuclear power station.

USSR TO SET UP COMMITTEE TO OVERSEE REFORM

OW292036 Beijing XINHUA in English 1524 GMT 29 Jul 87

[Text] Moscow, July 28 (XINHUA) -- The Soviet Party Central Committee and the Council of Ministers have decided to set up a special committee to coordinate rebuilding the economic management system. Stefan Sitaryan, first deputy chairman of the State Planning Committee, disclosed the decision on Monday's night TV program "Symposium." The "Economic Committee" will be headed by the chairman of the Planning Committee, and will bring together chairmen of the State Committee for Material and Technical Supplies, the State Committee for Science and Technology, the State Price Committee, the State Committee for Labor and Social Questions, the Statistics Board, the Board of the State Bank and the finance minister. Sitaryan said changes to the economic management will start with the introduction of cost-accounting and self-funding for state enterprises. These reforms will be in place by 1988 or 1989, he said.

At the end of June, the Supreme Soviet adopted a law on state enterprises, the first of its kind in Soviet history, which gives managers greater decision-making power. Lev Voronin, chairman of the State Committee for Material and Technical Supplies, said a wholesale system will also be introduced into 10,000 enterprises and scientific research institutions this year. The committee plans to see major products distributed using a wholesale system within four or five years, he said. However, energy, steel and some equipment will still be distributed by the state, he added.

Since the June plenum of the Soviet Party Central Committee decided to reform the retail food pricing system, Soviets have been concerned about food price hikes. Valentin Pavlov, chairman of the State Price Committee, said that incomes of Soviets will not be affected by food price adjustment. The present Soviet pricing system was adopted in the mid-1950s and 20 percent of the Soviet budget is used for subsidies. The price committee will probably not have a price reform plan ready until 1989, Pavlov added.

LI XIANNIAN MEETS JAPANESE SOCIALIST DELEGATION

OW291121 Beijing Domestic Service in Mandarin 0930 GMT 29 Jul 87

[Text] President Li Xiannian this morning met with Japanese reporters accompanying a Japanese Diet delegation. He said: We only say and do things which are conducive to friendship between China and Japan and will not say and do things which may harm this friendship. We hope that the Japanese side will do the same. Please stop saying and doing things which are harmful to friendship between China and Japan. We have not done a single thing which may do disservice to the Japanese Government and people. We bear no responsibility for what has happened.

Li Xiannian said: You might want to ask why China took a strong position on the matter concerning Kokaryo [Guanghua]. Yes, Kokaryo is not just a matter concerning a dormitory. It is a matter that involves whether there is only one China, two Chinas, or one China and one Taiwan. The Japanese Government, including Prime Minister Nakasone, has said that there is only one China. The People's Republic of China's is the sole legitimate Government of China. Japan's judgment on Kokaryo is obviously in violation of the joint communique and the peace and friendship treaty between China and Japan. It also runs counter to international norms.

Some Japanese friends have talked about buying up Koyaryo and presenting it to China. I say this is not right because it is not a problem that concerns money, but one which concerns state sovereignty and territory. Some Japanese friends have said that the government cannot interfere in the matter because of the division of state power into three segments. However, according to the Japanese Constitution, the Japanese Government is empowered to handle foreign affairs matters. Therefore, the Japanese Government can do something about this matter.

(Tomio Murata), reporter of the Japanese KYODO News Agency, asked Li Xiannian: The 13th CPC National Congress will convene soon. The Japanese people are very much concerned about it and the world public also pays good attention to it. Who will be the next premier? Who will be the general secretary?

Li Xiannian answered: We still don't know so far. Our Comrade Zhao Ziyang is now the acting general secretary. As for who will be premier, that will be decided by the National People's Congress. Of course, our party can nominate a candidate. However, we have not yet discussed the matter of who should be nominated.

(Tomio Murata) asked: Will Mr Hu Yaobang remain in the Standing Committee of the Political Bureau?

Li Xiannian said: This will not depend on the opinion of one person, or on the opinion of the current central leadership. We have to listen to the opinion of the delegates.

RENMIN RIBAO ON 'DOMAIN' IN KOKARYO CASE

NK290549 Beijing RENMIN RIBAO in Chinese 25 Jul 87 p 7

[Article by Xiao Ohou (5618 3166): "The Question of Determining the Nature of the Domain of the Kokaryo Dormitory -- Third Comment on Legal Issues in the Kokaryo Case"]

[Text] An important point of Japan's Osaka Appeal Court in negating the PRC Government's ownership of the Kokaryo dormitory was that "the Kokaryo is neither a diplomatic domain, nor a domain for the exercising of state power (such as the buildings of a consulate)," "it is not a domain to be inherited by the new government; therefore, even after a change in recognition took place, the old government may still maintain and exercise its rights to the domain in question inside the territory of a foreign country." The judgment of the Japanese court has not only openly acknowledged the existence of the Taiwan authorities as an old government still enjoying state sovereignty, but set up a criterion for determining state domain in the context of governmental inheritance, namely, the new government can only inherit the domain confined to the embassy and consulates of the old government. Whether this view of the Japanese court conforms to international law and practice, and a way to determine the nature of the domain of the Kokaryo dormitory need to be clarified.

1. According to International Law, No Division Should Be Made in State Domain in the Context of Government Inheritance. [subhead]

The Japanese court's decision that the PRC Government can only inherit the diplomatic and consular domain of the former government in Japan was based on a Letter of Legal Evaluation (shortened as Letter of Evaluation in the following) to demonstrate that the "Republic of China" does not lose its ownership of the Kokaryo dormitory, the Letter of Evaluation adapted the practice in the Continental legal system of dividing state domain into public domain and private domain, and applied it to the Kokaryo dormitory case, while distorting the concept of O'Connell, the famous British expert on international law, saying: "In the case of governmental (or state) inheritance, the public domain involving the exercise or sovereignty will be transferred to the new government (or state), while other public domain, which, in a certain sense, has a rather strong nature of private ownership, will belong to the old government (or state), so long as it continues to exist." The Letter of Evaluation pointed out in conclusion: "Consequently, regarding the real estate registered under the name of the Republic of China, with the exception of the real estate including the buildings and the land of diplomatic organs, which has an explicit direct connection with the function of representing a state, we can only take into account the specific conditions of the usage and nature of each separate case in judging its ownership."

We should acknowledge that the practice of dividing state domain into public domain and private domain does exist in the continental legal system. However, such practices have nothing in common with the view of the Letter of Evaluation, in the context of governmental inheritance, but exist exclusively in the context of state inheritance. We should point out, while citing O'Connell's discussion as evidence, the Letter of Evaluation tampered with his original meaning, and smuggled in the concept of "governmental inheritance." [paragraph continues]

If we compare this with "State Inheritance in Domestic Law and International Law," the original work of O'Connell, it will not be difficult to find that there is a great difference between the author's view and the concept in the Letter of Evaluation. The original text in O'Connell's work is: "Such a division in the Continental Law System has an important significance: Public domain belongs to the state on the ground of sovereignty; moreover, state inheritance forms substitution for sovereignty; consequently, the public domain belongs to the inheriting state. However, the private domain is 'in the possession of' the state being replaced; moreover, if that state continues to exist, the private domain will not be affected by the change in sovereignty. If the state being replaced is entirely exterminated, the ownership will disappear." (Footnote 1) (O'Connell: "State Inheritance in Domestic and International Laws," Vol 1, p 200)

We can see, from the aforesaid discussion, that O'Connell brought up only the matter of state inheritance, without involving governmental inheritance at all. He held the view that the change of the sovereignty of a state is the cause for state inheritance; only when the sovereignty of the state in question is not entirely eliminated and is in continuous existence, will a condition arise in which the inheriting state inherits the public domain, while the state being replaced continues its possession of the private domain. This demonstrates that the change in international character is the key to the matter of state inheritance. (Footnote 2) (Hall: "International Law," 8th edition, 1926, p 114) This has nothing in common with the cause of governmental inheritance. It is the internal change in the political system and social structure of a nation that gives rise to the issue of governmental inheritance. However, the international character of the nation in question is not affected because of the change of its government. (Footnote 3) (O'Connell: "International Law," 2d Edition, 1970, p 394) This is the identity and continuity of a nation. As the change of government does not involve change in its international character, so the issue of the public domain belonging to the inheriting state while the private domain belongs to the state being replaced never exists. This is natural logic. The PRC has replaced the Republic of China, but this does not change China's international character. This is self-explanatory. If the application of O'Connell's discussion is forced upon the context of China, that is beyond doubt openly upholding "two China" or "one China, one Taiwan." In fact, O'Connell explicitly maintains that the new government should inherit all domain of the old government, inside or outside of its own territory, regarding the matter of governmental inheritance. (Footnote 4) (Ibid, p 191)

In connection with the case in question, PRC ownership of the Kokaryo dormitory is indisputable in accordance with the above-mentioned principle in international law. Japan normalized diplomatic relations with China in 1972, and the Japanese Government explicitly recognizes the PRC Government as China's sole legitimate government; therefore, it should unconditionally help the Chinese Government to smoothly inherit the Kokaryo dormitory, the state domain of the former Chinese Government in Japan's territory. The Japanese court and the letter of evaluation have purposely confused governmental inheritance with state inheritance, and dished up a theory of incomplete inheritance for the PRC Government, while setting up on their own a criterion for classifying the nature of domain, this is not only erroneous politically but absurd in jurisprudence as well as logic.

2. Regarding Kokaryo Domitory Case, It Is Wrong for the Japanese Court To Refer to the Practice of the Continental Legal System, Which Is Declining and Lacks Universal Applicability. [subhead]

Just as is stated in the Letter of Evaluation, in determining the definition of state domain, different practices exist in the world. [paragraph continues]

Aside from the continental legal system, there are practices of the British and the U.S. legal system. The latter do not make any differentiation in state domain. (Footnote 5) ("Yearbook of the International Law Commission," 1970, Vol 2, p 134) When the UN International Law Commission discussed the drawing up of a treaty on the inheritance of state domain some 20 years ago, the special speaker Beidejiawei [6296 1795 6328 1218), who was in charge of the drafting of the treaty in question, explicitly pointed out, on the question of how to define state domain, the division of public-owned properties into public domain and private domain as in the practice of the Continental Legal System is not satisfactory; because it is not universally applicable, and unknown to other existing legal systems. (Footnote 6) ("Yearbook of the International Law Commission," 1973, Vol 2, p 22)

International practices have also proved the above-mentioned view. For example:

1. According to the decrees of the Burmese Government promulgated in 1935 and the "Treaty Between the United Kingdom and the Burmese Interim Government on Recognizing the Independence of Burma and Relevant Matter" signed between Britain and Burma, Burma inherits all public domain and private domain of the former colonial government, including the military installations of the United Kingdom located in Burma. (Footnote 7) ("Yearbook of the International Law Commission," 1970, Vol 2, p 146)
2. The 1957 Constitution of the Malaysian Federal States stipulates, all domain and properties belonging to Her Majesty the Queen of Great Britain located in the Federal States or colony belonging to the Federal States or any of its states since the day of the declaration of its independence. Here, the term domain is in general usage, without any restrictions or specific explanations. Domain in all forms of the inherited states is transferred based on this treaty. (Footnote 8) ("Work Report of the 33rd Session of the International Law Commission," 1981, p 77)
3. Based on the Tydings-McDuffie Act of 1934, the United States transferred the entity of its public domain and private domain to the Philippines, when the Philippines acquired its independence in 1946. (Footnote 9) (O'Connell: "State Inheritance in Domestic Law and International Law", p 222)
4. When Cyprus acquired independence in 1960, the Republic of Cyprus acquired all domain belonging to the former colonial government. (Footnote 10) ("Work Report of the 33rd Session of the International Law Commission," 1981, p 78)

Besides, the incorrectness in determining state domain in accordance with the practice of the continental legal system lies not only in the fact that such practice is not adopted in other existing legal systems, but in the fact that the practices of various nations differ even when they adopt the same continental legal system.

The following facts show that important changes have taken place in the practices of the nations adopting the continental legal system, and the tendency is to make no division in state domain.

1. As the chief representative of the continental legal system, France has given up the public-and-private division of state domain in her practice of state inheritance. For example:

In the "Declaration of Principles Concerning Economic and Financial Cooperation" signed between France and Algeria on 19 March 1963, the principle of Algeria inheriting the entity of the French state domain in the territory of Algeria was proposed. It is stipulated in the exchange of notes between France and Algeria that all real estate of France of both public domain and private domain is to be transferred to Algeria. (Footnote 11) ("Yearbook of the International Law Commission," 1968, Vol 2, p 106)

The Franco-Mauritanian Accord signed on 10 May 1963 stipulated the permanent transfer of the public domain and private domain of France in Mauritania. (Footnote 12) ("Yearbook of the International Law Commission," 1970, Vol 2, p 148, Note No 87) In French practice, sometimes the division of public domain and private domain is not touched upon in some multinational accords on cooperation, but practical arrangements are made based on the needs of each party. For example, the Franco-Malagasy Accord signed on 27 June 1960 precisely belongs to this category. (Footnote 13) ("Yearbook of the International Law Commission," 1970, Vol 2, p 148, Note No 89)

2. According to the Indonesian-Dutch "Draft Agreement on Transitional Measures" signed on 2 November 1949, Indonesia was to inherit the entity of the public domain and private domain of the Netherlands in the federal United States of Indonesia. (Footnote 14) (O'Connell: "State Inheritance in Domestic Law and International Law," p 226)

Based on the agreement of 22 July 1942, all public domain and private domain belonging to the former Kingdom of the Serbs was to be inherited by Hungary, Bulgaria, Italy, and Germany. (Footnote 15) ("Yearbook of the International Law Commission," 1970, Vol 2, p 147)

It was precisely based on the above-mentioned conditions that, as the special speaker Beidejiawei pointed out, the practice of differentiating between public domain and private domain is tending to decline. (Footnote 16) (Ibid, p 134) Therefore, he believed, "such practice is hardly satisfactory. This is because not only does it not exist in all legal systems, but it fails to unify and to entirely include all public domain in country-to-country relations." (Footnote 17) ("Yearbook of the International Law Commission," 1973, Vol 2 p [no page number as published]) "Great differences exist in the structure of public domain between nations of different social systems, and even between nations of the same social system. In view of these difficulties, it is inappropriate to draw up regulations based on the differentiation between public domain and private domain, a practice that is not universally applicable and lacks common factors in all legal systems." (Footnote 18) ("Yearbook of the International Law Commission," 1970, Vol p 134)

Out of the above-mentioned considerations, the UN International Law Commission did not adopt the practice of the continental legal system as the ground for determining state domain in compiling and drawing up the draft of "The Treaty on Matters Involving State Inheritance Not Included in Bilateral Treaties." On the contrary, the Commission decided to adopt the domestic law of the original owning country as the base in determining state domain. (Footnote 19) ("Work Report of the 33rd Session of the International Law Commission," 1981, p 45) The Commission stressed that the most appropriate way to determine state domain is to refer to the domestic law of the state which is being replaced. (Footnote 20) (Ibid, p 27) [paragraph continues]

In explaining the grounds for such practice, Beidejaiwei, the special speaker said: "Public domain can be determined in accordance with its nature of public ownership; such domain generally has three characteristics: 1) It is under the restriction of the specific legal system governed by its domestic law; 2) It belongs to the public; and 3) the purpose of its usage falls into the category of the objective the state pursues. Any one of the three is essentially connected with the domestic law." (Footnote 21) ("Yearbook of the International Law Commission," 1970, Vol 2, p 134) O'Connell holds the same view regarding this; he said: "It is clear enough that the law of the state which is being replaced primarily determines what is public domain." (Footnote 22) (O'Connell: "State Inheritance in Domestic Law and International Law," p 202)

Now let us come back to our case in question; the practice of the Japanese court and the Letter of Evaluation in applying to the Kokaryo Dormitory Case the practice of the Continental legal system, which is tending to decline, violates general international practices, and is rejected by international legislature procedure; it obviously does not hold water.

3. The Determination of the Japanese Court of the Nature of Domain of the Kokaryo Dormitory is Erroneous [subhead]

Through the above analysis, we can clearly see that it is groundless for the Japanese court to apply the practice of the Continental legal system in determining the nature of domain of the Kokaryo dormitory. Even if the state domain is divided into public domain and private domain, the present practice of the Japanese court is still doubtful. First, no matter what definition is adopted, the realm of public domain obviously goes beyond the criterion for division upheld by the Japanese court and the person in charge of the evaluation. True, the diplomatic and consular domain belong to the category related to state sovereignty, but if this formula is turned round in an oversimplified way, saying that domain related to state sovereignty is confined to the diplomatic and consular domain, obviously, it does not hold water in logic. We can say for certain, the view of confining public domain to diplomatic and consular domain can find no grounds in the theory of international law, the jurisprudence of domestic law of various nations, or international practice.

Besides, the Japanese court and the Letter of Evaluation committed a conceptual mistake regarding the determination of the nature of domain of the Kokaryo dormitory. The Japanese court believes that the Kokaryo dormitory does not belong to the category of public domain; therefore, the PRC has no right to inherit it. Then, what is public domain any way? Does the Kokaryo dormitory belong to the category of private domain?

In explaining what public domain is, O'Connell believes, in a nutshell, any domain related to state sovereignty is public domain. (Footnote 23) (O'Connell: "State Inheritance in Domestic Law and International Law," p 199) In his explanation regarding what is domain in relation to state sovereignty, Beidejiewei, special speaker of the UN International Law commission said, this is the domain, with which a nation shows and exercises its sovereignty, or performs the general obligations involving sovereignty. In further elaboration, he said, these obligations include defense, security, the promotion of public health and education, and national development. (Footnote 24) ("Yearbook of the International Law Commission," 1973, Vol 2, p 23) In his works, the French scholar (Proudon) holds the view that public domain refers to the domain with which a government exercises its functions. (Footnote 25) (O'Connell: "State Inheritance in Domestic Law and International Law," p 201).

Viewing the Kokaryo dormitory, we find that from the very beginning, it has been public domain purchased with public funds by the former Chinese Government for the use of overseas Chinese students as their dormitory. This fact was ascertained in the first judgment of the Kyoto local court as well as the Osaka Appeal Court. Out of ulterior motives, however, the Osaka Appeal Court reversed what it had ascertained as factual in its second judgement of the case, claiming that the Kokaryo dormitory was "an estate purchased for the purpose of providing relief for poverty-stricken students who lived in the estate involved in this case," doing its best to depreciate the linkage of the Kokaryo dormitory with state sovereignty and government functions. Leaving aside the clumsiness of such means, in terms of common sense, the prompt and necessary postwar economic aid of the former Chinese Government provided for overseas Chinese, who had difficulties residing in the territory of an antagonistic nation, was precisely 100 percent sovereign action and a pure performance of governmental functions. What is more, since the normalization of Sino-Japanese diplomatic relations, the Chinese Embassy to Japan and the Chinese Consulate General in Osaka have provided constant supervision and guidance to the Kokaryo dormitory, and a large number of state-supported Chinese students were staying in the Kokaryo dormitory with the arrangements of the autonomy committee of the Kokaryo dormitory. The Chinese Government also allotted special funds for the repair of the buildings in question. All this shows that the Kokaryo dormitory is a dormitory of the Chinese Government devoted to bringing up qualified people for national construction, and provided for overseas Chinese students as their living quarters; it has close and inseparable relations with China's four modernizations and educational undertakings. Therefore, the Kokaryo dormitory is one that falls in the category of domain related to state sovereignty. This is beyond doubt.

Second, the Japanese court and the Letter of Evaluation went awry in their understanding of private domain. They believe, as the operation of the students dormitory can be a private management, the Kokaryo dormitory falls into the category of private domain, and does not involve an issue of inheritance. This shows that the court determines the nature of domain of the Kokaryo dormitory according to the criterion of whether it is under private management. However, it is doubtful whether this criterion is scientific.

Because the national conditions of various nations differ, some operational and managerial activities that one nation considers necessary to be undertaken by the state may be considered by another nation to be left to private operation and management. For example, regarding munitions production, transportation and communications, and space industry, the practice of developing nations may differ from the developed nations. Therefore, it is very difficult to find a unified criterion. As to private domain, the UN Court on the Libyan Issue made an authoritative explanation. The relevant court pointed out, private domain of the state is state property for the purpose of profit acquired in the status of a private person. (Footnote 26) (O'Connell: "State Inheritance in Domestic Law and International Law," p 219) This explanation is beyond doubt of great importance to analyzing the case in question. Since the purchase of the Kokaryo dormitory, it has always been in public use, and has not the least a profit-making nature, so naturally it does not fall into the category of private domain.

What is worth mentioning is, even the so-called "state property law" of the Taiwan Authorities holds the view that private domain 'refers to all state properties, aside from public domain, which bring in profits or dividends.' And it is explicitly stipulated that state properties such as offices and dormitories of all organs, troops, schools, state properties for direct public use, and the properties for the use of state-run institutions are all public properties, namely public domain. Obviously, even based on the legal practice of the Taiwan authorities, we could not have arrived at the conclusion that the Kokaryo belongs to the category of private domain. In particular, we should mention that even Japan's own legal practice is contradictory to the view of the Osaka Court. According to Japan's "State-Owned Properties Law," state-owned properties are divided into administrative properties and ordinary ones. The former are public domain, and the latter are private domain in essence. In the second clause of the third article of the law in question, administrative properties are subdivided into four categories. The first category includes properties the state uses, and are stipulated to be used in state affairs, undertakings, and as living quarters for their workers. The second category includes properties the state directly uses, and are stipulated for public purposes. The third category includes the properties of the royal house. And the fourth category includes the properties the state uses, or are stipulated to be used in state-run enterprises and as living quarters of their personnel. Therefore we can see, none of the aforesaid stipulations have limited public domain to the domain of embassy and consulates; moreover, even based on these stipulations, the Japanese court cannot define the Kokaryo dormitory as private domain.

In sum, the Japanese court and the Letter of Evaluation have basically violated the theory of governmental inheritance in international law, and confused the difference between state inheritance and governmental inheritance; this is their first error. They have violated general international practice, by refraining from referring to the domestic law of the nation involved as the base for determining the nature of state domain, while adopting the practice of the Continental legal system, which is tending to decline and is not universally applicable to various nations; moreover, it is rejected in international legislative procedure. This is their second error. They have violated the general definitions on public domain and private domain in the Continental legal system, regarding the mode of operation as the criterion for determining the nature of domain; this is their third error. They have violated the judicial practice of their own nation; this is their fourth error. All this fully proves that the view of the Japanese court and the Letter of Evaluation is entirely wrong.

QI HUIYUAN REAFFIRMS STAND ON IRAN-IRAQ WAR

OW291924 Beijing XINHUA Domestic Service in Chinese 1038 GMT 29 Jul 87

[By reporter Xu Chang]

[Text] Kuwait, 29 Jul (XINHUA) -- During an interview with XINHUA and some Kuwaiti papers and news agencies here yesterday afternoon, Qi Huaiyuan, visiting special envoy of the Chinese Government and vice minister of foreign affairs, said: "China is open and aboveboard toward the Iran-Iraq war and seeks no self-interest in this war, only hoping to end it as soon as possible."

He pointed out: "The allegation that China will use its veto power in the UN Security Council when it discusses the Gulf war is obviously a fabrication made by someone with ulterior motives." He added: "China has taken a positive, responsible, and consistent stand toward the Gulf war, and China plays a positive role in the UN Security Council. We believe that Security Council Resolution 598 is the fruit of the joint efforts of the Council's 15 member countries. Therefore, we hope that both Iran and Iraq will take a positive and cooperative attitude toward the Security Council and the UN secretary general. China hopes that all relevant sides will exercise restraint and make no move that may worsen the situation."

Qi Huaiyuan further pointed out: "China has taken a neutral stand toward the Iran-Iraq war and is actively persuading the two belligerent parties to make peace. But China's neutral stand is not a passive one, and China will continue to make positive efforts for an early end to the war."

When asked whether China has supplied weapons to Iran, Qi Huaiyuan clearly pointed out: "China's stand is not to supply weapons to Iran before the Iran-Iraq war ends. This is China's policy and this principle will not change. As to the question of through what channel Iran has obtained what kind of weapons, I am not in a position to know about this issue. The claim that China is the main source of Iranian arms, or that 70 percent of Iran's arms come from China, is obviously a concoction based on ulterior motives."

On China's response to Kuwait's request to charter Chinese oil tankers or register Kuwaiti ships in China, Qi Huaiyuan said: "China understands Kuwait's request. But China does not maintain a large shipping fleet and has no spare tankers to lease. Moreover, China has not yet begun to allow the registration of foreign ships in China and has no laws and regulations in this respect. If anything happens, there would be no relevant rules or regulations to follow." Of course, he said, China is still studying the request.

On maintaining free navigation in the Gulf, Qi Huaiyuan pointed out: "China is concerned with the safety of international sea lanes in the Gulf. We maintain that this issue should be solved through consultations among all Gulf countries. We do not agree with the military presence and involvement of big powers in the Gulf and Gulf affairs."

When asked how China has proposed to end the Iran-Iraq war, Qi Huaiyuan said: "China maintains friendly relations with Iraq and Iran."

"We have been doing our best in the United Nations and in other forums to persuade the two sides to make peace, as well as during our bilateral contacts. But the strength of one country is limited. We hope the international community will exert common efforts to bring an early end to the Iran-Iraq war."

Commenting on the Afghan issue, Qi Huaiyuan pointed out: "Military occupation of a country is wrong. We support the Afghan people's struggle against aggression. Like other members of the international community, we demand the Soviet Union withdraw all its occupation forces from Afghanistan as soon as possible."

Qi Huaiyuan, who arrived here on 26 July for a visit, left for home early this morning. He told XINHUA that his visit was a successful one that has promoted mutual understanding and friendship between China and Kuwait.

ZHANG AIPING MEETS PAKISTANI DEFENSE OFFICIAL

OW291130 Beijing XINHUA in English 1122 GMT 29 Jul 87

[Text] Beijing, July 29 (XINHUA) — Chinese Defense Minister Zhang Aiping met Rana Naim Mahmud Khan, minister of state for defense of Pakistan, and his party at the Diaoyutai State Guesthouse here this evening.

LI XIANNIAN TO RETIRE FROM POLITICAL BUREAU IN OCT

HK300141 Hong Kong HONGKONG STANDARD in English 30 July 87 p 1

[Text] Beijing -- President Li Xiannian told a Japanese delegation yesterday that he hoped to retire from the ruling Politburo in October as part of a plan to promote younger leaders, Japanese sources said.

Mr Li did not say whether he would step down from the country's presidency as well, the sources added.

Western analysts said the announcement indicated that senior leader Deng Xiaoping, who has also stated his intention to relinquish key posts this autumn, may be winning his battle to persuade aging party veterans to leave the Politburo and make way for a younger leadership.

WANG BINGQIAN ON READJUSTING FINANCE STRUCTURE

HK300445 Beijing RENMIN RIBAO in Chinese 23 Jul 87 p 2

[Report: "In the Preface to 'Financial Affairs in Contemporary China,' Finance Minister Wang Bingqian Says the Structure of Revenue and Expenditure Will Be Readjusted Appropriately in the Future"]

[Text] "In the future it will be necessary to duly increase the proportion of state revenues in the national income and the proportion of central revenues in the country's total revenues. In addition, localities, departments, and enterprises should undertake part of the expenditures undertaken by the state finance, particularly central finance. This is necessary for establishing stable and balanced socialist finances."

Wang Bingqian, state councilor and finance minister, makes these remarks in his preface to "Finance Affairs in Contemporary China," one of the "Contemporary China" series which is to come off the press in the 4th quarter. Rich in content, the book entitled "Financial Affairs in Contemporary China" accurately records the founding and course of development of New China's finances, as well as the experience and tremendous successes achieved.

Wang Bingqian fully affirms the tremendous successes achieved and the numerous difficulties surmounted in finance work under the direct leadership of Zhou Enlai, Deng Xiaoping, Chen Yun, Li Xiannian, Bo Yibo, and other proletarian revolutionaries of the older generation since the founding of the PRC. He says: "We must sum up the experience gained in finance work since the founding of New China. The most important experience is to adhere to reform, handle financial affairs carefully, and combine doing our utmost with acting according to our capability so as to enable state finances to be established on a stable and balanced basis and to ensure the long-term and steady development of the national economy."

Wang Bingqian says: "Adherence to innovation and the enterprising spirit is not tantamount to total decentralization, delegation of power, and reduction of tax payments. Instead, we should adopt a realistic attitude and constantly make innovations and explorations in light of the changes in objective conditions. [paragraph continues]

We should delegate power and practice centralization accordingly. While allowing flexibility in minor economic issues, we should also strengthen control over major economic issues." "It is necessary to enhance and perfect the reform measures, earnestly sum up experience, continue to make new explorations, and gradually establish a socialist finance system with Chinese characteristics."

Wang Bingqian continues: "To carefully handle financial affairs, we must learn how to create, accumulate, and make full use of wealth and apply distribution rights, supervisory functions, and means of macrocontrol of finance to maintain a balance of revenues and expenditures in the course of economic transformation and development. To create wealth, we must, on the basis of rationally fixing the economic growth rate, seek new financial resources by vigorously developing the economy, increasing production and economizing and increasing efficiency, rather than by increasing the burden on the people and lowering their living standards. To accumulate wealth, we must accumulate appropriately, so that the relations of distribution between the state on the one hand and the collective and the individual on the other will be established at a reasonable level. Under no circumstances should we give consideration to the state at the expense of the collective and the individual, or vice versa. To make good use of wealth, we must make reasonable arrangements and take all factors into consideration in light of the principle of 'first, feeding the people, and second, carrying out construction,' attain the best economic and social results, and promote the planned and balanced development of the national economy as a whole."

Wang Bingqian points out in the preface: "Whether production, circulation, distribution, and consumption are coordinated in the course of national economic development and whether the relations between accumulation funds and consumption funds, between the state and the enterprise, and among the state, the collective, and the individual are appropriate in the distribution and redistribution of national income constitute an extremely complicated course of development. Therefore, we should seek appropriate figures to determine the major proportional relations of the national economy." "Viewed from the distribution of financial resources," he said, "the recent structural reform, delegation of power, and increase in financial resources in enterprises and localities have given the rise to great changes in the financial structure. The proportion of state revenues in the national income dropped from 31.9 percent in 1979 to 25 percent in 1980, but the proportion of extrabudgetary funds of localities, departments, and enterprises in the national income increased from 13.5 percent to 21.4 percent. As the funds are more decentralized than in the past, it would be difficult for state finance, central finance in particular, to undertake the projects that should be developed by the localities, departments, and enterprises with their own financial resources."

NOTED ECONOMIST VIEWS BALANCING SUPPLY, DEMAND

HK280821 Beijing GUANGMING RIBAO in Chinese 4 Jul 87 p 3

[Article by Tian Jianghai (3944 3068 3189): "Several Guiding Ideas for Resolving Contradictions Between Supply and Demand"]

[Text] Correctly Understanding the Contradictions Between Supply and Demand [subhead]

People have not reached unanimity of understanding on whether total demand exceeds total supply. [paragraph continues]

Even if they can confirm that total demand exceeds total supply, they cannot say for sure to what extent. I am of the opinion that total demand exceeds total supply. My reasons are: 1) There is a financial deficit; 2) the prices of some commodities have risen sharply; 3) income and expenditures in foreign exchange are not in balance; 4) the scale of investment in fixed assets has gone beyond the capacity of the national strength; and 5) the rate at which wages are increasing has outstripped that of labor productivity. As to what extent total demand exceeds total supply, this has to be considered in connection with the problem of accounting, which basically falls into the following four categories: 1) taking the gross social output value as the total supply, and compensation, consumption, and accumulation funds as the total demand; 2) taking the capacity to produce national income as the total supply, and consumption and accumulation funds as the total demand; 3) taking the increase in national income as the total supply, and the increase in consumption and accumulation funds as the total demand; and 4) taking the final output value (equivalent to the GNP in terms of value structure) as the total supply and the funds for buying consumer goods, new investment in fixed assets, the depreciation funds, and the funds for increasing reserves of raw materials as the total demand. In addition, there is also the problem of specific statistical methods, which include considering various factors concerned and how to carry out conversion. There is no uniform, explicit accounting standard on this problem. As different people have different accounting methods, their conclusions are also different.

Can we, after all, strike a balance between supply and demand? In my opinion, it is impossible to bring about an absolute balance between supply and demand, because this involves an extraordinarily complicated problem. While calculating the total demand, it is necessary to take the purchasing power into account. Whereas to accurately calculate the purchasing power, various factors have to be taken into consideration. This is an extremely difficult job. While calculating the total supply, we have to consider the level of prices and the actual output. This also involves considering many factors.

As there were too many factors to be ascertained, Marx pointed out: "Supply and demand have, in fact, never been in conformity; if they reach conformity, this is a mere coincidence which, scientifically, equals zero. Therefore, it can be regarded as nothing." ("Collected Works of Marx and Engels," Vol 25, p 212) So we should not feel strange about the imbalance between supply and demand. But we should also understand that we can make use of various factors to bring about a basic balance between supply and demand and that we can try to maintain the total supply a little in excess of the total demand. Of course, to achieve this end, it is necessary to comprehensively consider favorable and unfavorable factors and, on the basis of acquiring a scientific understanding, to take the initiative in drawing up strategic measures. This is an urgent and major problem awaiting our settlement.

Resolving the Contradictions Between Supply and Demand From the Angle of the Contradictions Between Structures [subhead]

When resolving the contradictions between supply and demand, people generally lay stress on the settlement of the contradictions between their total amounts to the neglect of the settlement of the contradictions between structures. It is true that the settlement of the contradictions between their total amounts is the prerequisite for the settlement of the contradictions between structures. [paragraph continues]

But we should also understand that the settlement of the contradictions between structures is the basis of the settlement of the contradictions between total supply and total demand. If the contradictions between structures are too acute, the balance between total supply and total demand cannot last long. China's present condition is that the contradictions between structures are far more serious than the contradictions between total supply and total demand. The product mix does not match the supply and demand structure, and this is closely related to the irrational nature of the industrial structure. Now there has been much improvement in the ratio between secondary and tertiary industries, but the ratio between direct production and basic facilities as well as between the processing industry and the raw materials industry is not proportionate. What requires more attention is that we should improve the quality of the industrial structure. On the one hand, the component which represents the advanced productive forces should be constantly improved; and on the other, the technological levels of the various component parts of a structure should also be enhanced. The irrationality of the industrial structure is closely related to the irrationality of the investment structure. Over the last few years, we have stressed controlling total investment to the neglect of controlling the orientation of investment, and in controlling total investment, we have applied a rigid method regardless of rationalizing the investment structure according to the reduction of its scale. As a result, disharmony has appeared between the demand structure, the product mix, the industrial structure, and the investment structure. Under such circumstances, the contradictions between structures will worsen despite the alleviation of the contradictions between the total supply and the total demand. This will result in increasing investments due to the coercive requirements of objective conditions. Thus demand will expand and the balance between the total supply and the total demand will be disrupted.

Therefore, on the one hand, we should improve the supply structure (this is very important); and on the other, we should readjust the demand structure and improve the purchasing power so that it matches the supply capacity. In this way, we can prevent the people from concentrating their purchasing power on a small number of consumer goods. This is a very important problem concerning alleviating the contradictions between supply and demand from the angle of structure.

Increasing Supply Is the Principal Way To Resolve the Contradictions Between Supply and Demand [subhead]

There are two methods to resolve the contradictions between supply and demand: One is increasing supply and the other restricting demand. Over the last few years, stress has been laid on restricting demand, but fundamentally speaking efforts should be focused on increasing supply.

As everyone is aware, restricting demand is finite. Restricting demand, whether for investment or for consumption, will produce side effects on production and the people's livelihood. Take investment as an example. Investment in productive fixed assets has a dual character: in the short run, it constitutes demand; but in the long run, it constitutes supply. Excessive reduction of investment will lead to a decrease in the immediate demand; in the long run, will also affect the growth of the production capacity and reduce supply, thereby aggravating the contradictions between supply and demand. In the meantime we should also see that excessive reduction of investment will result in abrupt changes of the scale of investment, which will bring about ups and downs in the economy. Therefore, from an overall viewpoint, we should resolve the contradictions by increasing supply.

Increasing supply will provide the material condition for gradually enhancing the consumption level. The enhancement of the people's consumption level will arouse the initiative of laborers in production and improve the supply capacity. At the same time, more demand will stimulate production. In this way, a virtuous cycle of more supply, more demand for consumption, still more supply, and still more demand for consumption will take shape. Of course, it should be made clear that sometimes the increase in supply does not necessarily meet the demand for consumption. This involves the problem of the contradictions between structures. For a long time China has exercised a supply-driven economy. This propelling force comes mainly from administrative orders and not from regulation by the market mechanism; in most cases, output determines marketing but not the other way round. Thus, the increase in supply does not necessarily meet the demand for consumption. To enable the increase in supply to meet the demand for consumption, structural reform should be introduced so as to change the supply-driven economy into a demand-guided economy.

ARTICLE DISCUSSES REFORM, ECONOMIC ENVIRONMENT

HK290939 Beijing GUANGMING RIBAO in Chinese 18 Jul 87 p 3

[Article by Xiao Bei (2556 0554): "Reform and Environment"]

[Text] Reform is the road which China must take to invigorate its economy. The prosperity of the country and the happiness of the people depend on the success of the reform. Reform is also a very arduous social and structural project. Every step forward requires a great deal of effort.

We have considered creating a relaxed economic environment for the reform. In light of the present situation, this is not a practical idea. A tight economic environment has taken shape in the long history of underdevelopment of the commodity economy, and in particular, it has formed under an ossified system which does not meet the requirements of the development of social productive forces. Fulfilling the change from a tight to a relaxed economic environment can only be done through strenuous implementation of reform, opening up, invigoration, and development of a socialist planned commodity economy.

Practice has proved that when any socialist country carries out reforms, it is not in a relaxed economic environment. The road we have travelled during reform has demonstrated this point. Under the depressed conditions of low agricultural productivity, short supply of agricultural and sideline products, average peasant net income of merely some 100 yuan, the party has decisively implemented reform measures such as the contract system and so on, and crushed the system of "eating from the same big pot." As a result, within a short span of years, great changes have taken place in our rural areas and the situation in which agricultural production remained stagnant for a long time has been initially changed. The success in rural reform has further laid the foundation for deepening overall economic structural reform with the cities as the focal point. Through the continuous reform in various aspects, such as strengthening the vitality of enterprises and perfecting the market system and macroeconomic management, our commodity economy has attained great development and the strength of our economy has been greatly consolidated. The material and cultural living standards of most inhabitants in urban and rural areas has obviously been improved and enhanced. Facts have told us that a relaxed economic environment is the result of the deepening of reform and provides conditions for further reform.

We are in the transitional period between new and old systems. On the one hand, there are breakthroughs in many aspects of the old system. On the other, the new system has not been systematically set up. New economic problems have emerged in this coexistence of old and new systems, such as the phenomenon of loss of control in certain aspects of the macroeconomy 2 years ago. These questions will be solved by perfecting coordination and deepening promotion of the reform. If we reform only after the economic environment has been improved, not only will a relaxed economic environment not emerge, but also it will hinder the process of reform.

COMMENTARY EVALUATES CONSTRUCTION INDUSTRY REFORM

HK290425 Beijing RENMIN RIBAO in Chinese 21 Jul 87 p 1

[Commentator's article: "Firmly Grasp the Link of Inviting Tenders for Contracted Projects"]

[Text] As a result of inviting overseas tenders for contracted projects, investments in the diversion project for the Lubuge hydroelectric power plant and the civil engineering project for the Shuikou hydroelectric power plant are much lower than originally calculated. This not only shows the advantages of instituting the system of inviting tenders for contracted projects and saves a lot of construction funds for the state but, more important enables people to clearly see the gaps and potential in our management of capital construction projects and to become aware of the urgency of speeding up reform in China's capital construction and construction enterprises.

The successes scored in the reform of the capital construction structure over the past 8 years must be fully affirmed. State-run construction enterprises have basically eliminated the phenomenon of operating at a loss, the proportion of permanent workers has dropped from 94 percent to 76 percent, and over 110,000 projects, with a floor area accounting for over 80 percent of the total construction area, instituted numerous forms of the contract system last year -- all these are great achievement of the reform. On the whole, however, the backwardness of capital construction and construction management has not been fundamentally changed. The phenomena of employing more workers, consuming more materials, overrunning the time limit for a construction project, incurring higher construction costs, and wasting more money in capital construction projects are still widespread. Many construction enterprises are unwieldy and overstaffed, shoulder heavy burdens, and lack competitiveness. For this reason, further efforts should be made to push forward the reform to suit the needs of the four modernizations and the general principle of reform, opening up, and invigorating the economy.

In the last 2 years, some headway has been made in the reform of capital construction and construction enterprises but many localities and departments are still marking time or at a standstill. Take the system of inviting tenders for contracted projects as an example. It was instituted 8 years ago in Shenzhen in 1980. Practice shows that it can generally lower the cost of construction by 3-5 percent and reduce the time limit by 10-15 percent. However, the number of single-item projects, for which the system of inviting tenders for contracted projects has been instituted, still accounts for only 11 percent of the total number of newly started single-item projects, with the floor space accounting for only 18.9 percent of the total construction area. A number of provinces, cities, and departments have instituted the system on a wider scale but it accounts for only 1-4 percent in some others. Moreover, many of them just go through the motions of inviting tenders, doing it as a mere formality.

The implementation of the system of inviting tenders for contracted projects is a comprehensive manifestation of the policy of reform, opening up, and invigorating the economy in capital construction. It is a method of changing administrative assignment for construction tasks and an effective reform measure for discarding the management pattern of "everybody eating from the same big pot" in capital construction. It is also an extremely important link in deepening the reform of construction enterprises and changing the backwardness of construction management and capital construction. Practice proves that the institution of the system of inviting tenders for contracted projects will spur construction enterprises to improve management and operations and enhance competitiveness. To attain this, it is necessary for construction enterprises to reform and improve the enterprise operational mechanism. This will vigorously push forward the reform of the management system for investment, designs, and materials in capital construction. Therefore, in the reform of capital construction and construction enterprises, it is necessary to firmly grasp the important link of constituting the system of inviting tenders for contracted projects and conscientiously, effectively, and extensively, instead of perfunctorily and spuriously, institute the system.

Naturally, it is not easy to extensively institute the system of inviting tenders for contracted projects. At present, the obstructions chiefly come from the "protectionist" ideas of some localities and departments. They often protect the enterprises directly under them and refuse to let other localities or units take part in tenders or assume construction tasks on the pretext of "not allowing nutritious water flow to other people's fields." To put it bluntly, they rely on the practice of "everybody eating from the same big pot" to support some people. This kind of "protection" objectively protects the backward and reflects their refusal to conduct reform.

The key to the extensive institution of the system of inviting tenders for contracted projects lies in upholding impartiality and rationality, strictly observing contracts, and enforcing supervision. It is harmful, as well as impermissible, to ostensibly invite, but secretly fix, the tenders, strike private deals, or decide the tenders according to various relationships instead of the actual conditions.

We firmly believe that, if we start with the institution of the system of inviting tenders for contracted projects and make further efforts to deepen, and quicken the pace of, reform, China's capital construction and construction management will surely take on an entirely new look in the course of the reform!

SOCIAL PURCHASE POWER CONTINUES TO GROW

HK290923 Beijing RENMIN RIBAO in Chinese 23 Jul 87 p 1

[Dispatch by reporter Zhao Xinglin (6392 5281 2651): "Purchasing Power of Social Groups Continues to Grow in First Half of This Year"]

[Text] The purchasing power of social groups which should have been reduced during the double-increase and double-economy campaign, has increased by 22.6 percent in the first half of this year compared with the same period last year. In other words, expenditures increased by 4.83 billion yuan.

According to an analysis by the comrades in the office for controlling the purchasing power of the nation's social groups, the main reason for the irrational growth of the social groups' purchase power in the first half of this year was the excessive increase in the extrabudgetary expenses of some areas and units, without factoring in price increases. There are two concrete expressions of this: 1) Some funds for capital construction projects were used for nonproduction purposes, such as for the purchase of sofas, carpets, air conditioners, photocopiers, copiers for reducing the size of documents, and facsimiles. 2) Some enterprises which had better economic resources went in for ostentation and extravagance and spent their money wastefully. They changed from purchasing the commodities under control to purchasing daily consumer goods, textile products, and high-grade and durable commodities and distributed them to their staff and workers under all sorts of pretexts. Commercial departments complained that some units have distributed winter clothes, electrothermal blankets, wall lamps, and electric fans to their staff and workers in the name of distributing labor protection goods, while some other units have changed their material prizes for staff and workers from towels, basins, cups, soaps, and toothpaste to air-pressure thermos bottles, pressure cookers, bed covers, blankets, and acrylic fibre knitting wool. According to the statistics of a commercial bureau in Beijing, from January to May this year, textile products purchased by social groups increased by 37.2 percent over the same period of last year, garments rose 49.4 percent, knit goods rose 60.5 percent, shoes and hats rose 21.9 percent, articles for daily use up 23 percent, and furniture up 30 percent. Judging from the national situation as whole, in many areas, the increase in the purchasing power of social groups was faster than that of the total volume of retail sales there, resulting in the short supply of certain commodities in the market.

Moreover, over the past few years, some new associations and all kinds of companies and centers have been established, which have spent much money. In particular, in the past 2 years or so, as more than 200,000 cars have been purchased by various areas, some 700 to 800 million yuan have been spent on fuel and maintenance for these vehicles.

People in relevant departments said that if the situation continues to develop in this way, it will be difficult for us to cut down various expenses according to this year's plan. Therefore, it is suggested that positive measures be taken to strengthen management and examination so that the loopholes can be stopped up. All functional departments concerned should check whether a purchase is allowed by relevant regulations and whether the funds for the purchase are from a reasonable source, so that the purchase power of the social groups can be effectively controlled.

COMMENTATOR LAUDS RURAL COMMODITY ECONOMY

HK281017 Beijing RENMIN RIBAO in Chinese 27 Jul 87 p 1

[Commentator's Article: "The Commodity Economy Is a Powerful Lever in Rural Development"]

[Text] The two important steps taken successively in the reform have brought about major changes in our rural economy. In the first step, from 1979 to 1984, the household contract system of basing remuneration on work was introduced. Peasants began to become independent commodity producers, providing important prerequisite conditions for a commodity economy. With the abolition of the unified state purchase and marketing system for agricultural products in 1985 as a mark, the countryside entered upon the second big step in the reform, starting a new stage focusing on the development of a planned commodity economy.

"The full development of the commodity economy is a stage that cannot be sidestepped in socioeconomic development and provides a necessary condition for the realization of the modernization of our economy." The historical conclusion reached at the 3d Plenary Session of the 12th CPC Central Committee has become the great practice of hundreds of millions of peasants. It should be said that today the entire party's awareness of the commodity economy has shown considerable progress compared with before. But the "leftist" idea that rejects the commodity economy long occupied a predominant position in the party. Its deep-rooted influence has up to now remained a main ideological obstacle to the development of the commodity economy. (For example, the commodity economy is equated with the "practice of capitalism" and with "a main source of bourgeois liberalization.") This also cannot be overlooked.

Only with socialism built on the basis of a developed commodity economy and on the basis of a well-developed pattern for social division of work and for social production can there be consolidation and development. One fundamental national condition marking our country is that with the rural natural economy representing a large proportion and with the level of productivity low, the development of a commodity economy carries unusually great significance in the countryside. For a long time, we criticized the rural commodity economy as a manifestation of capitalism. Self-retained plots of land, household sideline occupations, country fairs, multiple undertakings...and everything suggestive of the commodity economy almost all became targets of resistance. The process of disintegration of the natural economy was therefore delayed. This is a painful and profound lesson. In sharp contrast with this is that in the past few years, the burgeoning commodity economy has roused millions upon millions of peasants to actively take up production and participate in the area of circulation and to get more involved with secondary and tertiary industries and with operations in cities. It has stimulated the operation and popularization of various elements of production. Various components of the economy and various patterns of operation have begun to be fully developed. The countryside is thus full of vitality. The commodity economy has made considerable progress. From 1978 to 1986, the commodity rate of agricultural and sideline products rose from 45.2 percent to 58 percent. The commodity rate of rural industrial and agricultural products increased from 53.7 percent to 68.1 percent. The total volume of agricultural and sideline products procured rose from 55.79 billion yuan to 199 billion yuan. The thriving of the commodity economy has brought with it the great development of rural productivity. This is a generally recognized fact.

Lenin pointed out more than once: A vibrant socialist cause is the creation of myriads of people. In the past, the "big pot" and the "state monopoly in purchases and sales" repressed the enthusiasm of peasants for several decades. The development of the commodity economy has enabled hundreds of millions of peasants to assert themselves as independent operators, creating a new situation in which "eight immortals cross the sea, each at his best in a demonstration of magic," as a Chinese saying goes. In this world of the university of the law of value, each peasant is brought face to face with choices and with opportunities. He feels the pressure and a surge of strength. Each operation, each product, and each technology is put to the test in the market as a good or poor performer, a success or a failure. The market, with its response, rewards the advanced and excludes the backward -- stimulating the peasants to improve methods of production and operation and to pursue cultural and technological studies. The commodity economy has quickened the pace of social life in the countryside and broadened the horizons of peasants. It has brought about profound and wide-ranging changes in the countryside and will surely bring the countryside still greater progress.

Will the commodity economy lead to polarization? No. Under the socialist system, the state controls the fundamental means of production and other important factors as the lifeblood of the economy, keeps a grip on effective means of regulation, and is provided with fundamental conditions for avoiding polarization in the commodity economy. The exchange of commodities under socialist conditions has provided an adequate guarantee for the exchange of labor at equal value. Such an exchange of labor at equal value also helps in the realization of the principle of more remuneration for more work. Given competition on an equal basis, differences in income for commodity producers mainly reflect good or bad labor performance. Of course, given the still inadequate development of the commodity economy and the still less than perfect rules concerning competition in the market, conditions for competition among people are actually still not fully equal. But this is not the main aspect of the matter and is not what is called "polarization." Moreover, we can count on the deepening of the reform, the strengthening of legislation, and the development of the market to straighten out economic relations in various respects, thus bringing about a solution.

Some comrades support in principle the development of the commodity economy, but, given liberalization, when they note a series of conflicts in the area of circulation, such as an occasional rise in market prices, big fluctuations in supply and demand, the sudden availability of more pigs, a sudden scarcity of eggs, or even a "grain war," a "wool war," and so forth, they again switch over to negation, contending that the commodity economy is a cause of chaos and is not as good as the previous practice of "control." This is actually similar to a case of professed love of what a person really fears. In fact, given the existence of the commodity economy and the market, there are naturally fluctuations in prices and in supply and demand. Without fluctuations, no market operates. We do not want big fluctuations and will strive to suppress, regulate, and control them. But we can never be afraid of fluctuations and cannot hope to do away with them. Still less can we use fluctuations as an argument to negate the commodity economy. In fact, for a country with several thousand kinds of commodities, there is no way whatsoever at present to control the supply and demand relations of so many products through planning. There is no way out for us if we should return to the old system of a high level of concentration. This is a historical conclusion.

For the countryside to switch over from a highly concentrated planned economy and an isolated natural economy to a planned commodity economy -- this is a fundamental change in the economic system and in the orbit of economic operation. At present, new systems compatible with the commodity economy are being created. Old systems are still asserting their role. A sharp conflict between new and old systems has given rise to a series of complicated and continuing contradictions. The second phase of the rural reform not only is complicated but will be a protracted affair. The countryside has taken the lead in reform and in introducing market mechanisms and is the first to run into a series of new contradictions. This is normal. The revelation of contradictions has only served to provide people with an observation window. This has thus turned into a good thing. Despite difficulties encountered in the development of the rural commodity economy, new growing points are appearing everywhere. New systems are demonstrating irresistible strength. We have full confidence in the rural commodity economy.

Let us all be advocates of the rural commodity economy!

NAVY TO HOLD FIRST LASER SIMULATED MANEUVERS

HK290932 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0225 GMT 28 Jul 87

[Report by reporter Li Wei (2621 0251): "Chinese Navy Will Carry Out First Electronic Laser Simulated Tactical Military Exercises at Sea"]

[Text] Beijing, 28 Jul (ZHONGGUO XINWEN SHE) -- This reporter has just learned from Chinese Navy sources that the Navy will hold the first electronic laser simulated tactical military exercises at sea next month.

More than 10 vessels and more than 10 airplanes will join the forthcoming military exercises. Despite the fact that only a small number of vessels and airplanes will take part in the operation, almost all types of vessels and airplanes currently possessed by the Chinese Navy will be represented. A total of nine major categories of simulation equipment will be used, namely: Ship-to-surface, naval surface-to-air, ship-to-ship, and air-to-air missile attack systems; the submarine warfare system; the mosquito craft torpedo attack system; the mine-laying and mine-sweeping systems; aircraft bombing and attack systems, and the electronic warfare system. The application of these newly developed simulation facilities marks a new step taken by the Chinese naval units toward the goal of modernizing training methods.

The forthcoming electronic laser simulated, tactical military exercises to be carried out by the Navy at sea are a part of the Chinese Army command headquarter's 5-year plan to develop simulation equipment for training purposes. The Navy is the last arm of the service to carry out such military exercises, as the Army and the Air Force have already held theirs, last year and the year before last respectively.

The PLA headquarters have set much store by simulation equipment as an efficient tool for modern military education and training. Therefore, the PLA has made very rapid progress in the development of simulation equipment for training purposes although it started its efforts in this field relatively late. At the moment, the PLA is developing simulation equipment step by step and in a planned way in three aspects, namely: Electronic laser simulation systems for field practice with live ammunition; computerized simulation systems for indoor combat command practice; and simulation equipment for technical operational training in which live ammunition cannot be used, say, the flight system that can simulate hovering and so on.

It is reported that the PLA has regarded the development and improvement of simulation training as an important means for its modernization and regularization process. At the moment, the PLA is modernizing its training methods along a trend characterized by a transition from mechanical simulation to electronic laser simulation, from technical training simulation to tactical training simulation, and from single-arm simulation to multi-arm combined practice simulation.

JIANGSU LEADERS ATTEND ARMY-GOVERNMENT TEA PARTY

OW290725 Nanjing Jiangsu Provincial Service in Mandarin 0915 GMT 28 Jul 87

[Excerpt] Joyous laughter rang out in Nanjing's (Sanrenqiu) Hostel this afternoon. There was a huge cake with 60 candles on a table in front of the rostrum. The Jiangsu Provincial Government, Nanjing City Government, and the Political Department of the Nanjing Military Region jointly held an Army-government tea party here. Party, government, and Army leaders cheerfully gathered at the tea party to review the close relations between the Army and the people.

Attending the tea party were more than 150 people including Hui Yuyu, member of the Central Advisory Commission; responsible comrades of Jiangsu Province and Nanjing City Han Peixin, Gu Xiulian, Sun Han, Chen Huanyou, Sun Jiazheng, Yue Dewang, Wu Xijun, Hu Fuming, Gu Hao, Zhou Ze, He Binghao, Wang Bingshi, Ling Qihong, Yang Yongyi, Li Shouzhang, Qian Zhonghan, (Kang Yu), Xing Bai, Zhang Yaohua, (Yu Zhi), and (Zhang Zhenghuan); military leaders Guo Tao, Shi Yuxiao, Liu Lunxian, Yu Yongpo, Chen Hui, (Zhang Suyun), (Hui Yu), (Su Yufu), Song Chaoshi, (Yuan Zhi), (Gao Zhengjia), and Zeng Shen; and responsible persons of various PLA units, military academies, and relevant departments. [passage omitted]

SHANGHAI LEADERS VISIT SITE HIT BY TORNADO

OW291425 Shanghai City Service in Mandarin 2200 GMT 28 Jul 87

[Excerpts] According to the Shanghai Central Meteorological Observatory, the center of this year's Typhoon No 7 passed close to Dongtai of Jiangsu Province at 1800 yesterday and moved northward. The typhoon warning for Shanghai has now been lifted. [passage omitted]

Affected by the typhoon, a tornado hit Fengbi, Jiangqiao, and Taopu townships in Jiading County at about 1640 yesterday afternoon, causing the death of a pregnant woman and injuring 32 people. Some 100 houses and 2 village-run plants suffered various degrees of damage. [passage omitted]

Following the disaster, the injured people were quickly sent to hospitals for treatment. Leading members of the Shanghai Municipal CPC Committee and the Shanghai Municipal People's Government including Rui Xingwen, Jiang Zemin, Huang Ju, Wang Liping, and Xia Keqiang as well as leading comrades of the municipal Construction Commission, the municipal Agricultural Commission, Jiading County, and the municipal departments of Public Security, Armed Police, Electric Power, Water Conservancy, and Supply and Marketing all visited the disaster site. The municipal leaders instructed the departments concerned to rescue the injured people promptly and take good care of the disaster victims. They also gave instructions on maintaining order, strengthening security, and helping people rebuild their homes. [passage omitted]

Since the evening of 27 July, more than 2,300 ships and boats sailing at the mouth of Chiang Jiang and on Huangpu Jiang have entered Shanghai Port to take shelter from the storm. They include 31 fishing boats from Taiwan. [passage omitted]

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